V.—PRESENTATION OF THE BUDGET FOR THE SECOND SIX MONTHS OF 1953-54[a].

THE HON. SRI C. RAJAGOPALACHARI :—" Mr. Chairman, Sir, I present the Budget of Estimates for the second half of the current Financial Year to this House. It has already been before the public for a fortnight. The practice by which the Budget is presented to both Houses on the same day has been departed from on this occasion only because the present Budget is almost in the nature of a Supplementary Demand. Much of the appropriation has already been expended, and the balance is intended for the mere continuance of the services, already in operation.

" I have no doubt hon. Members have followed the discussions in the lower House and as appearing in the Press. Our revenues for the half-year are estimated at Rs. 23,71 lakhs and expenditure at Rs. 23,48 lakhs, leaving a small surplus of Rs. 23 lakhs. Satisfaction has been expressed in certain quarters, that after a series of deficit budgets, we have at last managed to show a surplus, but there are others who think that the surplus was smaller than anticipated. Let me caution that it is not correct to draw either inference from the figures for a six-month period. Our expenditure, such as on grants, public works, and debt charges, is more heavily spread over the closing months of the year covered by the present Budget. As against this factor, some of our major sources of revenue come in bulk towards the end of the year. We can have a correct picture of our financial position after partition, only when the Budget for a whole year is compiled and let us therefore, defer judgment till next February, when the Budget for 1954–55 will come up for consideration.

" An analysis of the Revenue Account shows that of the total proposed outlay of Rs. 23,48 lakhs, we have set apart Rs. 744 lakhs, or 32 per cent on security services like Police, Judiciary, Prisons, District Administration, etc. Rs. 719 lakhs or 30½ per cent on social services like Education, Health, Harijan Uplift, Co-operation, etc., Rs. 727 lakhs or 31 per cent on public utilities and other services like Agriculture, Irrigation, Electricity, Roads, etc., and Rs. 158 lakhs or 6½ per cent on debt (redemption) charges. With the ideal of the Welfare State before us, no reduction in public expenditure can be expected. The security services take up only 32 per cent of our total expenditure as against 48 per cent in the pre-war budgets. Still, the sums we are spending on social services and public utilities are far below the expectations of the people. We have, however, to reckon with reality. In the nature of things, a poor people cannot get all that they want immediately. Much hard and sustained work will have to precede an appreciable increase in national wealth and the general standard of living. There is no use asking for a miracle. An improvement in the general standard of living, when no one is prepared to work more than he did before and no one is prepared to reduce cost of production so far as he himself is to benefit by the cost, is nothing

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[a] A copy of the Budget speech presented to Assemby is printed as Appendix II on page 31-37 infra.

short of expecting a miracle to happen. Mathematical and other laws of nature cannot be altered. The living standards of a nation cannot improve on temporary help received from outside. What begins sweetly will finally end in bitterness and ill-will. We must depend on ourselves although it may not be pleasant to do so.

" Our Capital Budget is not a bad one. We have made adequate provision for all our irrigation and electricity works, now in progress. We were able to meet the heavy demand of Rs. 680 lakhs under this head, only because of the splendid response of the public to the loan we floated last July. The larger items in our Development Programme, such as the Bhavani, Malampuzha and Pykara Plant Extensions, are now in their last lap, and our trained personnel and equipment will soon have to be switched on to new works. Hon. Members will be pleased to note that our representations to the Planning Commission and the Government of India in this respect, have evoked response. The Amaravathi Reservoir Scheme has been just sanctioned and a new reservoir on the Vaigai to impound the surplus waters of the Periyar lake, will soon be sanctioned. We may also hope to build some storage capacity on the Ponniar, where our Engineers seem to locate some surplus water. We have obtained the Commission's approval for both Krishnagiri and Sathanur so that we may examine the position further. On the electricity side, we have just been permitted to launch the Periyar Hydro-Electric Scheme and to continue the extensions to the Madras Thermal Plant according to plan. These new works may go some way to absorb our trained technical personnel as well as to relieve general unemployment. We have been promised some loan assistance from the Centre on this new programme and for the balance we will have to depend on the continued co-operation of the public to our loan floatations.

" Hon. Members may do well to remember that we have really exhausted our great and dependable water sources. The new projects, now being sanctioned, are marginal ones, involving considerable non-productive outlay. We cannot justify these works before the general tax-payer who has to pay ultimately for all the interest on borrowed capital, unless the individuals benefiting from these works, agree to bear a reasonable portion of the capital cost. There is no use talking in terms of districts or other areas and thinking this district has got it and that district has got it. In the same district or other area numerous people do not reap any advantage and the difference between the individuals who benefit and those who do not get any benefit from the project cannot be ignored in the distribution of obligations. In the main our further efforts towards food production should largely be by practising more intensive methods of cultivation in the existing cultivable areas. The Community Projects and the National Extension Service Schemes which are now being organized are intended primarily to turn the people to more intensive agriculture. I personally believe we should hereafter turn our attention to the numerous minor sources of water and try to conserve whatever rain falls occasionally, for the benefit of these scattered areas where

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now life is nothing but continual privation of all kinds. Of course the conservation of water all over in renovated tanks and by efficient bunding of water courses may mean reduction of the total drainage into our rivers. But for long the lower riparians have been enjoying the benefit of silted tanks and ruined anicuts above. It is but fair and just that we should now do something for the long-suffering people in the upper regions. And nothing can be done too fast and therefore there will be time for adjustment.

" No State can afford to be rigidly constrained by old-fashioned laws to the detriment of progress and the more even distribution of wealth. Large scale conservation and repair as well as initiation of new small works must be taken up. We should draw on the enlightened self-interest of people—local patriotism as we may call it—for enabling ourselves to carry out these works. There is great scope in my opinion for evoking and tapping local public spirit in the restoration and improvement of minor works. Some can pay and many can work for wages as well as for patriotism. We have had good and timely rains this year, to put spirit and courage in us in new lines of endeavour.

" The salient points of the present Budget, have been explained in the speech of the Finance Minister in the lower House, copies of which have been circulated to the hon. Members. As stated by the Finance Minister, the Government have not had time to readjust programmes and policies after the Partition and the Budget for 1954–55 will be presented to the House soon and that will be the appropriate occasion for the detailed consideration of the commissions and omissions of the present Government. I hope hon. Members will bear this fact in mind, during the deliberations on the present proposals."

MR. CHAIRMAN :—" The House will now adjourn and meet again at 11 a.m. to-morrow."

The House then adjourned.

VI.—PAPERS LAID ON THE TABLE OF THE HOUSE.

1. *Amendments to the Madras Motor Vehicles Taxation Act,* **1931—**

[a] (a) *Notification No.* 689 *issued with G.O. No.* 2007, *Home, dated the* 23rd *June* 1953, *regarding exemption of two trailors belonging to the American Consulate-General at Madras from payment of tax.*

[a] (b) *Notification No.* 717 *issued with G.O. Ms. No.* 2222, *Home, dated the* 9th *July* 1953, *regarding exemption of international pick-up van belonging to the American Embassy at New Delhi from payment of tax.*

[c] (c) *Notification No.* 832 *issued with G.O. No.* 2636, *Home, dated the* 17th *August* 1953, *regarding exemption from payment of tax under Madras Motor Vehicles Taxation Act in respect of Jeep Station Wagon belonging to World Health Organization assigned to Madanapalle Field Tuberculosis Research Station.*